



**Office of the Attorney General  
Paul G. Summers**

**NEWS RELEASE**

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CONTACT:

Sharon Curtis-Flair

(615) 741-5860

**48 ATTORNEYS GENERAL REACH AGREEMENT WITH BLOCKBUSTER  
OVER ADVERTISING FOR "NO LATE FEE" PROGRAM**

Attorney General Paul G. Summers today announced Tennessee and 48 other states plus the District of Columbia have reached agreement with Blockbuster Inc. about allegations it misled consumers in the advertising of its "No Late Fee" program.

The Attorneys General alleged Blockbuster did not make it clear in its "No Late Fee" promotions that customers would be charged the selling price of the video if consumers did not return the item within seven days after the rental item was due. In addition, the company allegedly charged customers with late items a "restocking" fee of \$1.25 or higher at some of its stores without disclosing the penalty in its ads.

Blockbuster began advertising the "The End of Late Fees" and "No Late Fees" on Dec. 15, 2004, with the program starting on January 1, 2005. The Attorneys General alleged the company did not sufficiently disclose that the program was offered only at participating stores and that some customers of nonparticipating franchise stores thought they would not have to pay late fees.

"This case was especially misleading to Tennesseans because only some of the stores participated, and many consumers were not aware that all stores did not participate," Attorney General Summers said. "This agreement demonstrates you cannot use a catchy slogan just because it's catchy if it doesn't accurately describe conditions attached to the offer."

Under the terms of the settlement, Blockbuster must clearly and conspicuously disclose any conditions attached to the "No Late Fee" program throughout its stores in and in future advertisements. Blockbuster will also provide a link on its web site explaining the terms of the "No Late Fee" policies.

Some customers may be entitled to refunds, credits or coupons who were charged for the selling price or the "re-stocking" fees in participating stores. Customers who believe they are entitled to a refund should write Blockbuster at 1201 Elm Street, Suite 2100, Dallas, TX 75270, Attention: Mr. Steve Krumholz, Sr. Vice President, by April 28. Customers may obtain complaint forms at some franchise stores.

Customers who rented from a non-participating franchise store that did not have signage indicating it was not participating in the “No Late Fee” program, and were charged a late fee beyond the initial rental fee will, upon written request to Blockbuster, receive Blockbuster rental coupons equal to the number of rented movies on which such charges were assessed.

Eligible customers are only those who rented products after Dec. 31, 2004 and prior to March 28, 2005. Customers must allege the details of the transaction and a lack of understanding of the “No Late Fee” program. Restitution only applies to late fees on items in the initial rental transaction after December 31, 2004. The restitution period ends Sept. 27, 2005.

As part of the agreement, Blockbuster will pay the states a total of \$630,000 for fees, costs of the investigation and consumer protection. Blockbuster had admitted no liability.